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# Financial Inclusion for Rural Microenterprises (FIRM)

## Annual Workplan

October 1, 2013 – September 30, 2014

**October 15, 2013**

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# **Financial Inclusion for Rural Microenterprises, AID 623 BC II 0000 I**

## **Annual Workplan**

**OCTOBER 1, 2013 – SEPTEMBER 30, 2014**

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## ACRONYMS AND ABBREVIATIONS

ABEO	Agriculture Business and Environment Office
CBK	Central Bank of Kenya
CRB	Credit Reference Bureau
COFI	Community Owned Financial Institution
DCA	Development Credit Authority
DTM	Deposit-Taking Microfinance
FIIF	Financial Inclusion and Innovation Fund
FIRM	Financial Inclusion for Rural Microenterprises
FSA	Financial Services Associations
FSD	Financial Sector Deepening
FTF	Feed the Future
FTFMS	Feed the Future Monitoring System
GPS	Global Positioning System
IRA	Insurance Regulatory Authority
KCISI	Kenya Credit Information Sharing Initiative
KDLDP	Kenya Drylands Livestock Development Program
KFIE	Kenya Feed the Future Innovation Engine
KHCP	Kenya Horticulture Competitiveness Program
KLIFT	Kenya Livestock Finance Trust
KMT	Kenya Market Trust
KOOFA	Kenya Organic Oil Farmer Association
KWFT	Kenya Women's Finance Trust
LTTA	Long-Term Technical Assistance
MCL	Molyn Credit Limited
MFI DTM	Microfinance Institution Deposit-Taking Microfinance
MFI NGO	Microfinance Institution Non-Government Organization
MFS	Milango Financial Services
MFT	Microfinance Trust
MRR	Microenterprise Results Reporting
NESC	National Economic and Social Council
PCGA	Private Capital Group for Africa
PAT	Poverty Assessment Tool
PMP	Performance Management Plan
RBA	Retirement Benefits Authority
SCL	Safaricom Limited
SMEP	Small and Medium Enterprise Program
STTA	Short-Term Technical Assistance
USAID	United States Agency for International Development
VCFC	Value Chain Finance Center

## **I. EXECUTIVE SUMMARY**

FIRM facilitates the expansion and innovation of financial services in three thematic areas key to the development of Kenya's economic growth and prosperity: agriculture, renewable/clean energy and policy reform. FIRM also capitalizes on opportunities that can potentially advance the frontier of financial services into, for example, water, health, and education, in order to benefit marginalized and excluded populations across Kenyan society.

FIRM works in partnership with and supports a wide variety of commercial actors in the financial services industry, government of Kenya agencies and stakeholders, associations, donors, business service providers, and consultants. FIRM uses the Financial Inclusion and Innovation Fund (FIIF) to underwrite costs associated with these partnerships. FIRM also continues to manage and grow USAID's Development Loan Guarantee program in crucial implementation areas. USAID's DCA portfolio in Kenya stands at \$93 million, and growing. The target sectors are agriculture, renewable/clean energy, SME and water.

FIRM's technical assistance to partners includes development of agriculture finance strategies, financial product development, financial modeling for producer groups, strengthening agriculture value chains through financial and market linkages, institutional strengthening which includes development of operational manuals and capacity building. In partnership with the Government of Kenya, FIRM is working with National Economic and Social Council (NESC) to develop a national credit guarantee scheme. FIRM has worked with NESC to draft the Credit Guarantee Policy and Bill pending enactment later this year. In addition, FIRM assisted Kenya Credit Information Sharing Initiative (KCISI) to develop a platform for DTMs and Banks to share client information through licensed Credit Reference Bureaus (CRBs).

Ultimately, FIRM's partnership with financial and non-financial institutions improves access to financial services for rural microenterprises, benefiting individuals, households, and small businesses previously excluded.

### **Program Impact**

FIRM's qualitative impact continues to grow as a result of deepening the achievements from the current partnerships. This growth continues as FIRM expands its network, especially outside traditional financial institutions, such as banks, DTMs and MFIs. The project continued to build upon the successes achieved in the previous year and added new partners with potential to increase financial inclusion to marginalized groups. Currently, FIRM has over 125 partnerships in agriculture finance, financial policy reforms, and clean/renewable energy pillars.

FIRM recorded significant impact its four key areas as outlined below:

#### **Agriculture**

In the last calendar year, FIRM worked with financial institutions and non-financial institutions to strengthen the overall financial system at multiple levels so as to make it

more inclusive. To this end, FIRM delivered significant outputs that created substantial impact among rural microenterprises.

In FY 2013, FIRM expanded its partnership scope to include other financial institutions which it has assisted with development and implementation of agriculture finance strategies – they include KADET, Micro Africa, Yehu Microfinance, Musoni BV MFI, Opportunity Kenya, Federation of Women Entrepreneurs Association, Association of Microfinance Professionals, Kenya Livestock Trust, BIMAS and Jamii Bora Bank.

This expansion was in addition to the nine financial institutions (KCB, Imperial Bank, KWFT DTM, SMEP DTM, Juhudi Kilimo, Milango Financial services, Faulu Kenya and Molyn Credit) that FIRM already assisted to develop agriculture strategies and creation of agriculture independent units.

Besides, FIRM was heavily involved with non-traditional financial institutions which FIRM provided alternative finance - a model developed to reduce interest rates, below what the financial sector provides to smallholder agriculture producers – such smallholder institutions include Honey Care Africa, Vegpro Out-grower Groups, and Earthoil Extracts Ltd.

As a build-up to the alternative finance model, FIRM has created/developed a Credit Factory (CF) framework, which once fully implemented will expand convenient and affordable access to credit. The CF will on-lend low-cost financing to farmers leveraging use of technology, credit scoring and the credit reference bureaus. It will work closely with extension service providers in agriculture value chains to ensure payment. The CF will demonstrate that lending can be done profitably as a high volume low margin business.

In addition, FIRM was involved in creating financial linkages, financial modeling and product development with various institutions. Those linkages are as listed below:

- FIRM linked Jamii Bora Bank to Sirgon Capital (a local MFI providing financial services to horticulture farmers) who were in need of wholesale loans; assisted Sokoshambani (potato farmer group) to link with Equity bank and designed a financial model which brought together input suppliers and a market, enabling a fully sustainable value chain.
- FIRM linked Jamii Bora Bank to Mobipay Agrilife Platform which enables agricultural financiers and service providers to offer innovative and market led financial products – the two partners have signed a memorandum of understanding and are currently working together.
- FIRM brokered a partnership between Milango Financial services (MFS) and Earthoil to provide tailored agriculture financing to tea-tree farmers. The tripartite agreement resulted to disbursement of over \$37,500 to tea tree smallholder farmers for purchase of seedlings through the MFI branch in Nanyuki.
- FIRM has expanded its scope with SACCOs, and is currently working with more SACCOs besides the 13 EADD FSAS and Nyala SACCO that FIRM was already working with in the previous year. These include Sky SACCO whom FIRM assisted

to launch in FY 2, Universal Traders SACCO, and Kenya Rural SACCO Societies Union (KERUSSU) an umbrella body of rural SACCOs in Kenya.

## **Renewable Energy**

On the basis of the KWFT Renewable Energy (RE) lending strategy developed with the support of FIRM in FY 2, KWFT secured financing from International Labor Organization (ILO) to pilot the distribution strategy that had been proposed to ensure RE technologies are more accessible. Selected KWFT customers were trained on entrepreneurship so that they can recruit other customers to KWFT. KWFT has booked over 26,000 microloans towards renewable energy and agriculture into the USAID DCA guarantee.

In Addition, FIRM developed a comprehensive clean and renewable energy strategy for SMEP DTM – FIRM finalized the refinement of clean/renewable energy products for pilot testing in Q1 of FY 4. The DTM will roll-out the products in Meru, Machakos, Kitui, Kisii and Kajiado counties.

FIRM recently contracted Viability Africa for a 12-month period to increase renewable energy supply by developing pre-feasibility and feasibility studies for RE projects and to ready the deals for financial close. Viability Africa is also expected to provide guidance and support on RE models such as net metering.

## **Gender/Youth**

In FY3, FIRM worked with four financial institutions that work with youth, women and marginalized groups. They include KWFT DTM, the premier microfinance institution in Kenya serving over 700,000 clients who are all women; Rafiki DTM who have embedded business development services in their lending model to empower the youth to run their own enterprises/businesses successfully; Youth Enterprise Development Fund (YEDF) which is a government-funded project that ensures the youth are able to access credit; and Banking on Change project, spearheaded by Barclays Bank Kenya and Care Kenya, to facilitate financial linkages between community saving groups (whose primary clientele is youth and women) and the financial institution using a mobile banking platform.

FIRM has supported these partners to escalate and upgrade their operations to reach more rural enterprises and to explore partnerships with other financial and non-financial institutions in order to facilitate development of products and services for women, youth and other vulnerable groups.

## **Policy and Regulatory Reforms**

FIRM provided technical assistance to National Economic Social Council (NESC) in developing a draft Kenyan Credit Guarantee Scheme policy and bill. The policy and bill are designed to encourage SME lending leveraging Kenyan capital. The draft policy and bill were validated at a two-day expert's and stakeholder's workshop. Based on feedback received during the workshops, the policy and bill have already been adjusted. NESC will make a presentation to the inter-ministerial committee and then to the Kenyan Treasury for approval.



Furthermore, FIRM introduced JM Mantle to NESC. JM Mantle is a consulting company working to unlock institutional pension fund capital to support enterprise. Pension funds face investment restrictions due to current government regulations – i.e. the asset class weighting as contained in the Retirement Benefit Authority (RBA) regulations. In the FY4, NESC will support FIRM to adjust the weighting with RBA.

On Credit Information Sharing Bill, FIRM supported the Fifth Forum Meeting whose main agenda was to present the draft Credit Information Sharing regulations and bill to forum members. Both the draft bill and regulations were drafted and presented at the meeting and they are expected to establish, consolidate and strengthen a credit information-sharing framework.

The draft regulations addressed the establishment, licensing, operations and governance of bureaus and the powers of the cabinet secretary. The draft bill addressed kind of institutions to share credit information, nature of information to be shared, prohibited information and credit reference bureaus.

The drafter would guide KCISI and the main stakeholders on the implication of wordings in the bill. Once the bill is adjusted, FIRM will link KCISI to NESC to ensure coordination and buy-in from government stakeholders. FIRM also supported the registration process of Association of Credit Providers of Kenya (AKCP).

In addition, FIRM held a credit scoring and risk management seminar that was attended by CEOs, Heads of Risk and Heads of Credit from 6 DTMS. The seminar was designed to create awareness on the use of credit scoring tools and the benefit financial institutions discovers from scoring mechanisms. The seminar generated significant interest from DTMs, which resulted in 5 DTMs signing up to have their systems and capacity reviewed.

## **II. PROGRAM MANAGEMENT**

### **I.1 Personnel**

In Year 4, the project seeks USAID's approval to add one expat long-term position and one CCN long-term position; the project will add an expat Deputy Team Leader – Program Manager and a CCN LTTA Partnership Specialist – Advisor to the CoG. Additional support staff will be added as well. The general scopes for each of these positions include:

**Deputy Team Leader – Program Management:** will focus on supporting the Team Leader on day-to-day project management issues and serve as the Team Leader's advisor on project compliance and operational issues. He will lead efforts to better integrate M&E and Communications into technical activities as well as project subcontract and other operational activities related to county support and energy. He will support to the Team Leader. .

**Partnership Specialist – CoG Advisor:** will coordinate USAID FIRM's devolution agenda and resources under the supervision of the chief of party. He or she will be seconded to the COG and provide capacity building support and other assistance.

Additional personnel are considered support and include a Partnership Specialist – County Support Coordinator; M&E Statistician; Contract Admin Specialist; and Driver.

### **I.2 Partners, BSPs, Consultants**

The FIRM project has a list of 48 prequalified vendors who were shortlisted through a process of competitive expression of interest. The list is updated by requesting interested service providers to express interest every year. The advert is placed in a local newspaper.

With the expansion into new technical areas, FIRM will renew this process to ensure the USAID is receiving the best value for money and quality services.

The pre-qualified Business Service Providers (BSP) will have expertise, skills and proven Kenyan experience. Individuals and BSPs pre-qualified by DAI are then requested by invitation to bid through a request for proposal (RFP), or Curriculum Vitae (RFCV) or request for quotation (RFQ) on activities contracted through USAID FIRM project. The FIRM project doesn't have subcontracts or grants.

### **I.3 Monitoring & Evaluation**

#### **I.3.1 Performance Management Plan (PMP)**

In year 3, FIRM revised its PMP to reflect the project's inclusion in the FtF Initiative unveiled in FY 2011/2012. The revised PMP was approved by the COR, and FIRM is required to report on the following FtF indicators:

- 4.5.2(5): Number of farmers and others who have applied new technologies or management practices as a result of USG assistance
- 4.5.2(11): Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance
- 4.5.2(12): Number of public-private partnerships formed as a result of FTF assistance
- 4.5.2(13): Number of rural households benefiting directly from USG interventions
- 4.5.2(25): Number of people with a savings account or insurance policy as a result of USG assistance
- 4.5.2(27): Number of members of producer organizations and community based organizations receiving USG assistance
- 4.5.2(29): Value of Agricultural and Rural Loans
- 4.5.2(30): Number of MSMEs, including farmers, receiving USG assistance to access loans
- 4.5.2(37): Number of MSMEs, including farmers, receiving business development services from USG assisted sources
- 4.5.2(38): Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation
- 4.5.1(24): Numbers of Policies/Regulations/Administrative Procedures in each of the following stages of development as a result of USG assistance in each case: (Stage 1/2/3/4/5)
- 4.5.1(27): (CBLD 5) Score, in per cent, of combined key areas of organization capacity amongst USG direct and indirect local implementing partners

The targets set for these indicators at the time of FtF alignment were also revised in year 3. The FIRM M&E team will continue to use the on-line Feed the Future Monitoring System (FTFMS) to report quantitative project performance data for each of these indicators. Following the FIRM contract modification in progress to include activities in devolution and renewable energy, this list of indicators may grow, subject to consultations with and approval by the COR.

### **1.3.2 Poverty Assessment Tool (PAT)**

As a USAID program with a microenterprise component, FIRM is required to report annually on the percentage of “very poor” clients it reaches. To do this, FIRM will carry out the Poverty Assessment Tool (PAT) survey in Quarter Two and present its findings in a report to USAID/ Kenya ABEO, the MRR team, and the PAT Help Desk. Apart from satisfying a funding requirement, the survey findings will indicate the percentage (from the

total study population) of “very poor” clients FIRM is reaching; therefore, inform more strategic interventions to targeting this group. The survey will also provide new data on the profile of our partners’ clients and support the final evaluation of FIRM’s impact.

All beneficiaries in the period between October 1, 2012 and September 30, 2013 will be considered when determining the sample population. Due to time and other resource constraints, the sample will be selected with a bias towards the FtF Zones of Influence. It will comprise approximately 300 clients from MFIs and SACCOs, selected through random sampling and spread across selected FtF zones. Mapping of the partner institutions’ branch and client locations will be carried out, and based on the results of the mapping process, logistical planning will begin and the schedule will run according to the timelines set in the implementation plan. During fieldwork, quality control measures will include a daily review of the interview process and milestones accomplished for each interviewer, so as to ensure all questionnaires are completed accurately and the daily targets set are achieved.

### **1.3.3 Credit Management System (CMS)**

Reporting on all Development Credit Authority (DCA) loan guarantees is done through an online internet-based system known as Credit Management System (CMS), which is designed to collect crucial information about credit guarantee loan portfolios globally and is managed centrally by the Office of Development Credit in Washington DC. It is a platform for interaction between the Financial Institutions, USAID Kenya Mission and the Office of Development Credit to ensure credit compliance and monitoring. Partners report into CMS bi-annually.

In Year 4, FIRM will continue to:

- Monitor the frequency, timeliness, accuracy and validity of data reported into CMS by DCA partners
- Follow up on any outstanding Origination and Utilization fees for each reporting period
- Train new DCA partners on CMS guidelines, procedures and reporting process. Next training session will be conducted in during the first half of the fiscal year, targeting the new DCA partners – Housing Finance, Rafiki DTM, Africa Guarantee Fund (AGF)/Jamii Bora Bank and KCB/General Electric

### **1.3.4 Microenterprise Results Reporting (MRR)**

Microenterprise Results Reporting (MRR) is an annual report to the U.S. Congress providing funding and program data on USAID’s microenterprise activities. The MRR online reporting system tracks USAID’s progress towards congressionally mandated funding targets and monitors the results of USAID assistance to the microenterprise sector.

FIRM is required to report on technical support to sub-recipients (financial and non-financial institutions) with a focus on rural microenterprises. FIRM’s Partners are not mandated to carry out MRR, therefore, FIRM reports aggregated data that includes its partners’ information. This report will be submitted during the second quarter of the fiscal year.

### **1.3.5 Environmental Monitoring and Mitigation Plan (EMMP)**

The Environmental Mitigation and Monitoring Plan (EMMP) describes how the Kenya Financial Inclusion for Rural Microenterprises (FIRM) will meet or exceed the requirements of the SO 7 Initial Environmental Evaluation (IEE) and Threshold Decision (and conditions established therein), approved by the Bureau Environmental Officer, and complying with USAID environmental regulations (Regulation 216 and ADS 204). FIRM will build the capacity of financial institutions in environmental screening, institutional environmental policies, environmental soundness, compliance with local environmental laws and ensure USAID's ability to assess impact. Building financial institutions' environmental capacity and considering indirect effects is emphasized in FIRM's EMMP, and measures are provided to conform to Kenya environmental regulations.

FIRM's EMMP was approved by the COR in Quarter 4 of Year 3. Therefore, in Quarter 1, FIRM, in collaboration with the Mission Environment Office, will organize a workshop for all partners that will focus on environmental compliance and reporting requirements.

### **1.4 Communication Strategy**

FIRM will improve its communications plan through increased documentation, sharing and project reviews in a regular and systemic manner. FIRM will continue to develop, produce and share communications materials which are an integral part of project deliverables. Some of these deliverables include: quarterly reports, annual reports, success stories and website updates. Therefore, in year 4, FIRM will polish its existing comprehensive communications manual which describes in detail the guidelines and procedures to effectively communicate FIRM's progress to USAID, GOK, FIRM's partners, beneficiaries and other audiences.

FIRM's communications team will continue to attend USAID-led monthly meetings for implementing partners organized and hosted by USAID's Development Outreach and Communications (DOC) office. Through these meetings, FIRM will continue to network with other USAID implementing partners, share a calendar of events and maximize on the opportunities to further publicize project activities and achievements through the DOC team. FIRM will also continue to provide success stories to USAID on a weekly basis, and ensure that, through the DOC team, activities and success stories are featured on various USAID communications platforms, including Frontlines, Agro-Link, FTF newsletter, Impact Blog and the USAID Kenya website. FIRM website will also be regularly updated in year 4.

Whenever possible, FIRM will exploit other strategic information and communication channels which can raise awareness of FIRM, FIRM's partners, technical expertise and accomplishments within its portfolio. Such channels will include but not limited to media opportunities, social media, sector-specific exhibitions, conferences, meetings and events happening within the country. This will be accomplished through a wide range of media setting up of booths, talks/presentations, distribution of brochures, online and hard-copy newsletters and articles in mainstream and sector media.

## **I.5 Budget**

FIRM continues to engage as much as possible Kenyan partners to provide technical assistance and services to meet the needs of the core scope. With the addition of local funds, FIRM will continue to harness the most sophisticated financial sector in East Africa and one of the leading economies of sub-Saharan Africa to obtain support and build capacity in the area of financial services. The pace of innovation and change is quickening. These two factors have combined to create the conditions to reconfigure FIRM, gearing it to meet the evolving needs of the sector thus ensuring overall success. These changes will require a budget realignment which will include the proposed changes discussed below.

During the 4<sup>th</sup> and 5<sup>th</sup> year of the project, FIRM will utilize the Financial Inclusion Innovation Fund and the County and Energy Innovation Funds to access the growing market of professional and proven Kenyan expertise to support FIRM activities.

### III. SELECTING PROMISING DEALS TO PROMOTE RURAL FINANCE

FIRM manages Kenya's DCA Loan Guarantee program on behalf of USAID. As at 30 September 2013, USAID Kenya has \$92M in DCA loan guarantees with 13 financial institutions in Kenya. In Year 4, FIRM will continue to work with the Office of Development Credit to explore more DCA partnerships in the agriculture, clean energy and water sectors, in line with USAID Kenya's overall development objectives, Feed the Future Strategy and Power Africa Initiative.

#### **New DCA Guarantees – FY 2013/2014**

##### **Agriculture**

- **Rafiki DTM Kenya:** A \$2.5 million, 5-year Loan Portfolio Guarantee (LPG) to encourage uptake of rain-index crop-insurance products among Kenyan agriculture value chain actors

##### **Water**

- **Housing Finance Kenya:** A \$6 million, 12-year Loan Portfolio (LPG) to strengthen Housing Finance's ability to extend loans to county water bodies, municipal utilities and other water service providers operating on a commercial basis in Kenya

##### **SME**

- **Africa Guarantee Fund (AGF)/Jamii Bora Bank:** A \$12 million, 5-year Re-Guarantee to strengthen AGF's capacity to provide a partial credit guarantee of a Qualifying Bond Issue in Kenya by Jamii Bora Bank, the proceeds of which will enable Jamii Bora Bank to provide greater access to finance for micro, small, and medium-sized private sector businesses in Kenya

##### **Health**

- **Kenya Commercial Bank/General Electric (GE):** A \$10 million, 10-year Loan Portfolio Guarantee designed to strengthen KCB's ability to lend to non-sovereign enterprises operating in the health sector in Kenya

##### **Clean Energy**

- No new deals closed in Year 3. However, FIRM will continue to engage financiers and other sector stakeholders to identify potential DCA partners

## **TA to Build Capacity of Financial Service Providers**

In this upcoming year, FIRM will continue to work in partnership with and offers technical support to commercial actors in the financial services industry, Government of Kenya agencies and stakeholders, associations, donors, and business service providers to enhance financial inclusion for rural microenterprises.

The project will concentrate its efforts in the geographical regions under the FTF 2011-2015 Multiyear Strategy which recommends HRI and SA2. This region covers 27 of the 47 Kenyan counties. The financial products and solutions developed are expected to have significant impact on various agricultural value chains that are the mainstream of these geographical areas FIRM will continue to work with existing commercial actors serving FTF HRI and SA2 regions; and at the same time review potential working relationship with other partners interested in working with FIRM to uplift livelihoods of rural microenterprises through financial inclusion.

FIRM will pay special focus to partners who have demonstrated significant impact and willingness to reach out to marginalized groups within the selected geographies in the areas of agriculture, clean energy and water. Technical assistance will be in form of institutional strengthening, financial modeling, creating strategic partnerships and product development for increased impact.

Below is list of assignments/activities in agriculture, clean/renewable energy and policy regulatory reform that FIRM intends to realize.



#	Partner and Its Geographic Focus	Brief Description	FIRM's Assistance in Prior Years	Planned Assistance in Year 4	Estimated Timeframe
<b>Agriculture</b>					
1	<b>Small and Micro Enterprise Programme (SMEP)</b> - nationwide - 36 branches - 29 marketing units - covers all major towns in Kenya	- DTM (over 180,000 clients and portfolio of \$100M) - Key financier in agriculture (>20% of portfolio is agriculture) - Wants to further explore opportunities in the ag sector	- 2012, Q1 and Q2 - A comprehensive ag finance strategy (opportunities and a roadmap to guide agribusiness operations) - 5 new agriculture products: horticulture, dairy, livestock, asset and poultry - Developed a plan to roll-out plan the 5 agric. products -	- Develop, roll-out and implement agency banking	March 2014
2	<b>Smallholder Irrigation Schemes Development Organization (SISDO)</b> - Eastern (Meru) - Rift Valley (Nanyuki)	- MFI (over 13,000 clients) - Disbursed over \$3.14 million) - Has 16 branches spread over Nairobi, Rift Valley, Eastern regions - Interested in raising capital base and development of diverse products in agriculture and clean/renewable energy	None	- Develop a comprehensive strategic business plan - Strengthen institutional capacity by training staff, management and the board	Nov 2013 – Feb 2014
3	<b>RAFODE</b> - Nyanza - Planning to spread operations to Western	- MFI (over 3,000 clients) - Serves rural socio-economically marginalized entrepreneurs - Interested in increasing risk appetite towards start-ups, micro enterprises and small business enterprises	2013 Market assessment for financing opportunities in the agriculture sector	- Product development - Institutional strengthening	Feb – March 2014
4	<b>Kenya Commercial Bank</b> (Countrywide) -	- Commercial bank - Key financier in SME, particularly Dairy Value Chains -	- Agriculture finance strategy - Embedded branch level support phase one and	- Product development	May 2014

			<ul style="list-style-type: none"> <li>two</li> <li>- DCA loan guarantee-agriculture, water, energy</li> <li>- Agriculture finance training</li> </ul>		
5	<b>KWFT DTM</b> <ul style="list-style-type: none"> <li>- Countrywide</li> <li>- 225 branches</li> <li>- Has presence in every district in the country</li> <li>- covers all major towns in Kenya</li> </ul>	<ul style="list-style-type: none"> <li>- DTM (over 700,000 clients)</li> <li>- Premier deposit-taking microfinance institution in Kenya</li> <li>- Focused on providing financial services to women to create wealth and build assets</li> <li>- Fully compliant with CBK's associated guidelines and regulations.</li> <li>- Target to increase profitability twofold and add multiple products within a three-year timeframe.</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Development of clean/renewable energy strategy</li> <li>- Development of clean/renewable energy prototypes</li> <li>- Development of Agriculture finance strategy</li> <li>- Dairy product development</li> </ul>	- Financial literacy for women	May – June 2014
6	<b>Earthoil Extracts</b> <ul style="list-style-type: none"> <li>- Eastern</li> <li>- Rift Valley</li> </ul>	<ul style="list-style-type: none"> <li>- Commercial processing and export company</li> <li>- works with over 600 smallholder farmer</li> <li>- Plans to expand number working with the company to smallholder farmers to 7,500</li> </ul>	<ul style="list-style-type: none"> <li>- 2012</li> <li>- Development of a sustainable financial model.</li> <li>- Developed a pricing model underpinning fair trade agreements</li> <li>- Established financial linkages for smallholder tea tree farmers groups</li> </ul>	- Establish/firm-up a financial guarantee model for smallholder tea tree farmers groups	Oct 2013 - ongoing
7	<b>Honey Care Africa</b>	<ul style="list-style-type: none"> <li>- Commercial processing and export company</li> <li>- Has pioneered modern beekeeping as a viable livelihood for rural families throughout East Africa</li> <li>- Has helped 15,000 families to grow out of abject poverty.</li> <li>- Interested in making honey production practical and successful for</li> </ul>	<ul style="list-style-type: none"> <li>- Technical assistance to pilot test HCA's concept 'business in a beehive' in Kwale</li> <li>- Linked HCA with MFIs</li> <li>- Developed systems and structures for HCA's Internal Credit Department</li> <li>- Developed management and</li> </ul>	<ul style="list-style-type: none"> <li>- Internal credit system development</li> <li>- Replicate the 'business in a beehive' in Western Kenya and Nyanza</li> <li>-</li> </ul>	Jan – March 2014

		smallholder households while mitigating risks for lenders.	operational dashboards for HCA		
8	<b>Kenya Agency for the Development of Enterprise and Technology (KADET)</b> <ul style="list-style-type: none"> <li>- Nyanza</li> <li>- Western</li> <li>- Rift Valley</li> <li>- Central</li> <li>- Coast</li> <li>- Eastern</li> </ul>	<ul style="list-style-type: none"> <li>- MFI (over 45,000 clients)</li> <li>- Empowers Kenyan communities with limited and/or access to credit facilities for small and micro businesses.</li> <li>- Plans to mitigate agri-finance related risks and reinvigorate agricultural loan balances</li> </ul>	Developed a five-year agricultural finance strategy – with viable financing opportunities in dairy, livestock, and horticulture	<ul style="list-style-type: none"> <li>- Capacity building for staff, management and the board</li> <li>- Product refinement for agri products</li> </ul>	Feb - Mar 2014
9	<b>Ecumenical Church Loan Fund Kenya (ECLOF)</b> <ul style="list-style-type: none"> <li>- Eastern</li> <li>- Rift Valley</li> <li>- Central</li> <li>- Western</li> <li>- 25 branches</li> </ul>	<ul style="list-style-type: none"> <li>- MFI</li> <li>- client base of 43,400 clients,</li> <li>- Portfolio at risk (PAR) 30 days of 5%.</li> <li>- Proposes to expand its agricultural portfolio and is interested in exploring opportunities in the horticultural sector in the Central, Eastern and Rift Valley Provinces</li> </ul>	- None	- To assist ECLOF to develop an agriculture finance strategy and to refine two agric products	Oct – Nov 2013
10	<b>Nyala Dairy SACCO</b> <ul style="list-style-type: none"> <li>- Over 12,000 clients</li> <li>- 5 branches</li> <li>- Central</li> <li>- Rift Valley</li> </ul>	<ul style="list-style-type: none"> <li>- A model dairy SACCO</li> <li>- Transformed from Financial Services Association (FSA) to a SACCO</li> <li>- Has over 10,000 members who are primarily dairy farmers</li> <li>- Interested in increased efficiency in of its operations, higher staff productivity, and well defined roles for governance and leadership.</li> </ul>	<ul style="list-style-type: none"> <li>- 2011</li> <li>- Needs assessment for its Dairy farmer members and Sacco operational processes.</li> <li>- 2013</li> <li>- Built the capacity of board and staff;</li> <li>- Developed a current, well-structured and standardized training program centered upon well documented policies and</li> <li>-</li> </ul>	- Develop a strategic marketing plan and diversification of products	Nov – Dec 2013

11	<b>Musoni BVMFI</b> <ul style="list-style-type: none"> <li>- Central</li> <li>- Rift Valley</li> <li>- Eastern</li> </ul>	<ul style="list-style-type: none"> <li>- MFI (over 8,000 active clients)</li> <li>- Provides most flexible and most customer- orientated financial services in the market through mobile banking services</li> <li>- Mission is to grow, build and maximize the potential of the businesses of the poor and unbanked</li> <li>- Loans range Ksh 5,000-Ksh 140,000</li> <li>- PAR less than 4%.</li> <li>- Plans to expand into peri-urban and rural areas where clients can further benefit from mobile payments technology</li> </ul>	<ul style="list-style-type: none"> <li>- 2013</li> <li>- Designed and developed a five year rural expansion strategy</li> <li>- Created a methodological branch location model support that will see the MFI strategically expand into rural agricultural regions</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Set-up of a new branch in Kisii</li> <li>- Capacity building for staff, board and management</li> <li>- Product development</li> <li>- Piloting of agricultural loan products</li> <li>- Baseline survey for Musoni rural expansion strategy</li> <li>- Branch locator phase two</li> </ul>	Feb - Mar 2014
12	<b>ADOK TIMO</b> <ul style="list-style-type: none"> <li>- Operations are spread across two provinces</li> <li>- Nyanza</li> <li>- Western</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- MFI (over 10,000 active clients)</li> <li>- Serves small and micro entrepreneurs in the rural and peri urban areas.</li> <li>- Loan portfolio over \$1 million</li> <li>- Products target business owners, subsistence farmers, fishermen, sugarcane, dairy and poultry farming</li> <li>- Interested to consolidate operations, synchronize methodologies and pursue organic growth.</li> </ul>	None	<ul style="list-style-type: none"> <li>- Develop a five-year agribusiness strategy to operationalize critical success areas to take advantage of financing opportunities in the agriculture sector.</li> <li>- Product development</li> <li>- Capacity building for management and board</li> </ul>	Jan - Feb 2014
13	<b>Vegpro Ltd</b> <ul style="list-style-type: none"> <li>- Central</li> <li>- Eastern</li> <li>- Coast</li> <li>- Rift Valley</li> </ul>	<ul style="list-style-type: none"> <li>- Registered horticulture company</li> <li>- Largest exporter of fresh vegetables and flowers</li> <li>- Uses owned land and outgrowers for production</li> <li>- Has adopted global certification to ensure food safety and meet retailer and consumer requirements</li> <li>- Wants to improve rural microenterprises' access to finance</li> </ul>	<ul style="list-style-type: none"> <li>- Designed and developed financial products for smallholder horticulture farmers.</li> <li>- Linked smallholder farmer groups to various credit providers' access loans through products developed.</li> <li>- Held financial products forum to disseminate</li> </ul>	<ul style="list-style-type: none"> <li>- Pilot and roll out of products</li> </ul>	Jan – Mar 2014

			the products to FIs		
16	<b>Business Initiatives and Management Assistance Services (BIMAS)</b> <ul style="list-style-type: none"> <li>- Eastern</li> <li>- Central</li> <li>- Rift Valley</li> </ul>	<ul style="list-style-type: none"> <li>- A local MFI</li> <li>- Over 18,000 active clients</li> <li>- Network of 19 branches</li> <li>- Specializes in rural microfinance and serves rural households</li> <li>- Outstanding loan portfolio over \$5 million</li> <li>- Plans to grow loan portfolio by 30% and client numbers by 25% each year over the next three years</li> <li>- To increase its overall market share by developing innovative market-led products key focus on agriculture and renewable energy</li> </ul>	Developed their strategic business plan – with clear strategic guidelines for agribusiness and renewable energy financing.	<ul style="list-style-type: none"> <li>- Refinement of products</li> <li>- Institutional capacity building</li> </ul>	Jan - Feb 2014
17	<b>Federation of Women Entrepreneur Association (FEWA SACCO)</b> <ul style="list-style-type: none"> <li>- Countrywide</li> </ul>	<ul style="list-style-type: none"> <li>- SACCO</li> <li>- Adheres to the Kenyan Cooperative Society rules and regulation</li> <li>- Has ambitious vision to become financial solution provider for all interested women entrepreneurs in Kenya.</li> <li>- Serves financial needs of women entrepreneurs registered under various associations that form FEWA</li> <li>- Plans to incrementally build managerially self-sustaining and profitable SACCO with full-scale operations, front office savings accounts (FOSA) to back office savings accounts (BOSA)</li> </ul>	<ul style="list-style-type: none"> <li>- Developed a comprehensive SACCO framework with requisite systems and processes necessary to deliver financial products and services</li> </ul>	- Strategy implementation	Jan – Mar 2014
18	<b>Century DTM</b> <ul style="list-style-type: none"> <li>- Nairobi</li> <li>- Eastern</li> <li>- Coast</li> </ul>	<ul style="list-style-type: none"> <li>- DTM (over 3,000 clients)</li> <li>- Key financier in agriculture finance</li> <li>- Planned expansion includes a planned branch in Eastern Province, Coast and</li> </ul>	2013 <ul style="list-style-type: none"> <li>- Developed a strategic business plan for the institution and to</li> </ul>	- Capacity building for staff and the management	March 2013

		Western Kenya	- Refined and developed market-led products		
19	<b>Mumias Sugar Company</b> - Western	<ul style="list-style-type: none"> <li>- Largest sugar processing company in Kenya</li> <li>- Targets to uplift the living standards of cane farmers.</li> <li>- Company interested in partnering with financial institutions to provide financial services to cane farmers to diversify to dairy farming</li> </ul>	Linkages to Moly Credit and KCB	- Development of internal credit lending system	May 2014
20	<b>Kenya Livestock finance Trust (KLIFT)</b> - Countrywide	<ul style="list-style-type: none"> <li>- Financial services company</li> <li>- Over 300 members</li> <li>- Loan portfolio of \$400,000</li> <li>- Targets veterinarians, livestock traders, producers to provide working capital</li> </ul>	<p>Developed a strategy business plan</p> <p>Developed and refined products for microenterprises they are working with</p>	- Capacity building for management and board	Feb - March 2014
21	<b>Rafiki DTM</b> - Countrywide	<ul style="list-style-type: none"> <li>- DTM (over 30,000 clients)</li> <li>- Key financier youth in business</li> <li>- Plans to grow capital base, create a critical youth brand proposition and to increase its overall market share through sound strategic expansion while meeting relevant community social needs</li> </ul>	<p>Development of a strategic business</p> <p>Developed training manuals and delivered TOT for staff and management.</p> <p>Explored financing opportunities in the agricultural sector(Sorghum) and developed a financing model</p>	<ul style="list-style-type: none"> <li>- Design asset finance product</li> <li>- Develop table banking model</li> <li>- Strengthen financing to sorghum value chain</li> <li>- TA on leadership and governance</li> </ul>	<p>Nov 2013</p> <p>Dec 2013</p> <p>Jan 2014</p>
22	- <b>Credit Factory</b> Countrywide	<ul style="list-style-type: none"> <li>- FIRM's idea to establish a fund to reduce overall cost of credit, and make finance more affordable for rural microenterprises.</li> <li>- To push accessible and affordable credit to rural smallholder farmer groups across various value chains</li> </ul>	Framework for credit factory	<p>Implementation of the credit factory</p> <p>Roll out of agricultural loans using Honey Care Africa model</p>	Ongoing activity

23	<b>Credit Scoring for DTMs</b> - Countrywide	- FIRM's idea to establish a credit scoring, to enable DTMS to make credit decisions easily - Will enable full utilization of CRB scores and at the same time make credit affordable	2013 - Hold a Risk Management and Credit Scoring workshop for DTMs - Developed and introduced credit scoring toolkits to Century and REMU DTMs.	- Develop scoring variables - Develop institutional reports for interested DTMS - Develop applications that inform on risk - Assist in designing capture screen to match application form	Jan – June 2014
24	<b>Jamii Bora Bank</b> - Countrywide	- A local commercial bank - Dedicated customer base of > 300,000 - 41 outlets countrywide, of which 11 are already fully-fledged CBK-approved branches. - Aims to become middle tier by the end of 2013 and to eventually become a Pan-African micro financier - plans to build on agriculture and SME sectors as its key pillars for growth	2013 - Developed an agriculture SME finance strategy highlighting financing opportunities in selected commodities - dairy, cereals (sorghum), and horticulture	- Development of a framework for agriculture resource centers w - Capacity building for staff and management - Strategy launch	April - June 2014
25	<b>REMU DTM</b> - Eastern - Rift Valley - Nairobi	- DTM ( customer base of 5,000 ) - Asset base of \$ 2.1 Million and a deposit base of \$ 0.23Million), a loan portfolio of \$ 0.81Million) - Credit offered through both individual and group lending methodologies. - Mission to provide unique and innovative financial services in a manner that adds value to all stakeholders - Interested in diversifying products	2013 - Market research for product development - Recommendations for market led products and services;	- Credit Scoring framework - Strategic business planning - Product development	Jan - Feb 2014

		range and building the capacity of board and staff to deliver services			
26	<b>M-lab East Africa</b> - Countrywide	<ul style="list-style-type: none"> <li>- Regional mobile applications laboratory for East Africa</li> <li>- Services to mobile entrepreneurs in the region include business incubation, developer training, application testing, ecosystem building and market research</li> <li>- M-Lab organizes wireless Wednesdays, to showcase the region's mobile entrepreneurship progress and to advocate for the growth of the sector</li> <li>- Events are held after every alternate month</li> <li>- Forums provide a platform for growth of developers and identification of critical success factors for their applications</li> </ul>	<ul style="list-style-type: none"> <li>- 2012</li> <li>- Supported six forums</li> <li>- 2013</li> <li>- Sponsored three M- Lab events</li> </ul>	<ul style="list-style-type: none"> <li>- To sponsor three M- Lab events in this calendar year</li> <li>- Increase technology uptake with various ag value chains</li> </ul>	March – Sept 2014
27	<b>Mobipay Agrilife platform</b> - Countywide	<ul style="list-style-type: none"> <li>- An innovative mobile money platform</li> <li>- Working with 4,000 farmer groups</li> <li>- Designed to enable farmers run cashless transactions while creating visibility by creation of retractable statements.</li> <li>- Platform enables farmers to receive their product proceeds (such as dairy) via mobile money and can make payments via Points of Sale (POS) with their various service providers</li> </ul>	<ul style="list-style-type: none"> <li>- 2013</li> <li>- Linked Mobipay to FIRM's financial service provider to increase access to finance for various underserved agricultural value chains</li> </ul>	<ul style="list-style-type: none"> <li>- Develop an expansion strategy for Agrilife</li> <li>- Agrilife platform rebuilding</li> </ul>	Dec 2014
28	<b>EADD FSAs</b> -Rift Valley (North and	<ul style="list-style-type: none"> <li>- 13 FSAs</li> <li>- Dairy oriented</li> <li>- Total client base for the 13 FSAs over</li> </ul>	<ul style="list-style-type: none"> <li>- Exploration of financing opportunities for FSAs</li> <li>- Capacity building for staff,</li> </ul>	<ul style="list-style-type: none"> <li>- Development of strategies for 13 FSAs</li> <li>- TA for merger between two</li> </ul>	Jan – June 2014



	Central Rift regions) - Western -Central	120,000 - Total outstanding portfolio	management, and board - Development of operational manuals	big FSAs - Capacity building for 7 FSAs	
29	<b>Sky SACCO</b>  - Nyamira - Kisii - Narok	- Majorly youth SACCO - Client base over 5,000 - Poultry farming is the major value chain - Provides ready market for poultry and poultry products	- Launch of the SACCO	- Institutional strengthening	Dec 2013
30	<b>Barclays Bank</b>  (Countrywide)	-	- ICT strategy and tools for banking on change	- Banking on change (BOC) linkages platform - Support BOC phase two	July 2014
31	<b>Youth Fund</b>  (Countrywide)	- A Government of Kenya Fund for the youth - Ksh. 1.2B portfolio - I.IM clients- Group and individual lending - Staffing from Constituency level upward - Operating a pilot credit guarantee with 2 MFIs	- None	- Strategy development and capacity building	May – June 2014
32	<b>NEEMA HEEP</b>  <b>Meru</b>  <b>Tharaka Nithi</b>  <b>Isiolo</b>	- Local MFI - Has six branches in Meru and Embu - Has 4000 active clients,	- None	- Agriculture finance strategy and capacity building	Dec 2013

33	<b>Care Kenya</b> (Countrywide)	<ul style="list-style-type: none"> <li>- Internal NGO providing training to rural-based rural micro enterprises</li> </ul>	- None	- Capacity building for rural microenterprises	Nov 2013
34	<b>Universal Traders SACCO</b>  Machakos,  Makueni  Embu  Kitui	<ul style="list-style-type: none"> <li>- SACCO has over 35,000 members</li> <li>- Based in Machakos, giant of SACCOs in lower earner.</li> <li>- Already financing horticulture-fruit and interested in more on dairy, water financing</li> <li>- Ksh. 500M portfolio</li> <li>- More work on capacity building to be done</li> <li>- 5 branches</li> </ul>	- None	<ul style="list-style-type: none"> <li>- Strategic business planning</li> <li>- Capacity building for staff and board</li> </ul>	Oct – Nov 2013
35	<b>KERRUSU</b>  <b>-Country wide</b>	<ul style="list-style-type: none"> <li>- Umbrella body for all rural-based SACCOs in Kenya</li> <li>- About 80 SACCOs registered as members</li> <li>- Needs TA to strengthen its internal processes and</li> </ul>	- None	<ul style="list-style-type: none"> <li>- Enhance rural SACCOs capacity to deliver services</li> <li>- Needs TA to strengthen its internal processes and</li> <li>-</li> </ul>	Nov 2013 – April 2014
36	<b>Taita Taveta Teachers SACCO</b>  -Taita Taveta -Makueni	<ul style="list-style-type: none"> <li>- Has over 3,000 clients</li> <li>- SACCO has opened bond to include farmers and businesses</li> <li>- Focused on SME and agriculture</li> </ul>	- None	- Capacity building for staff, management and board.	March 2014
37	<b>Agriculture Sector Coordinating Unit (ASCU) / Small Holder Marketing Programme (SHOMaP)</b>	<ul style="list-style-type: none"> <li>- SHOMaP is a government program</li> <li>- Provides grants to horticulture and SME business</li> <li>- Seeks financial linkages with financial institutions</li> </ul>	- None	- Financial linkages and capacity building	Jan – Feb 2014
38	<b>Mount Kenya Meru Greens</b>	<ul style="list-style-type: none"> <li>- Business development services provider</li> </ul>	None	- Internal credit system development	Jan- March 2014

	<ul style="list-style-type: none"> <li>- Meru</li> <li>- Central</li> <li>- Tharaka Nithi</li> <li>- Isiolo</li> </ul>	<ul style="list-style-type: none"> <li>- Designed to assist smallholder horticulture farmers to access markets</li> <li>- Provides value addition to horticulture products</li> </ul>		- Financial linkages	
39	<b>Meru County Government</b>	<ul style="list-style-type: none"> <li>- A county government</li> <li>- Has interest in setting up a County SACCO</li> </ul>	None	- SACCO framework development	Feb 2014
40	<b>Jenga Kenya Microfinance</b> -Meru Tharaka Nithi -Isiolo	<ul style="list-style-type: none"> <li>- Agriculture oriented local MFI</li> <li>- Client base, 5000 (rural)</li> <li>-</li> </ul>	None	Strategy development	Jan – Feb 2013
41	<b>Joyful Women Association</b> -Rift Valley Rgion -Central -Eastern -Nyanza - <b>Western</b>	<ul style="list-style-type: none"> <li>- Has over 50,000 members</li> <li>- All members are women</li> <li>- Seeking</li> </ul>	None	- Capacity building for women entrepreneurs	Nov – Dec 2013
42	<b>OikoCredit</b> Wholesale and SME lender with a national reach but based in Nairobi	<ul style="list-style-type: none"> <li>- Wholesale lender and SME lender</li> <li>- Intends to lend to SMEs in the dairy and horticulture value chains directly and seeks to develop a marketing and communications strategy to inform the market about their expanded mandate</li> </ul>	DCA partner	- Marketing and marketing communications strategy for SME agribusiness lending to the dairy and horticulture value chains	November 2013

**Clean and Renewable Energy - FIRM** has developed a growing portfolio of micro energy projects working through its network of financial institutions. FIRM is currently facilitate the financing of energy-efficient cook stoves, solar lights/chargers and on-farm biogas digesters. We are experienced in micro energy (point of use technologies) and we will continue to expand this important niche through the extension statement of work. Below is a list of some of the micro energy projects that FIRM's intends to undertake in the 4<sup>th</sup> project year.

41	<b>KWFT DTM</b> <ul style="list-style-type: none"> <li>- Countrywide</li> <li>- 225 branches</li> <li>- Has presence in every district in the country</li> <li>- covers all major towns in Kenya</li> </ul>	<ul style="list-style-type: none"> <li>- DTM (over 600,000 clients</li> <li>- Premier deposit-taking microfinance institution in Kenya</li> <li>- Focused on providing financial services to women to create wealth and build assets</li> <li>- Fully compliant with CBK's associated guidelines and regulations.</li> <li>- Target to increase profitability twofold and add multiple products within a three-year timeframe.</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Development of clean/renewable energy strategy</li> <li>- Development of clean/renewable energy prototypes</li> <li>- Refined existing clean/renewable energy products,</li> <li>- Developed, pilot tested and rolled-out new clean/renewable energy products.</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Refine biogas product</li> </ul>	May 2014
42	<b>Small and Micro Enterprise Programme (SMEP DTM)</b> <ul style="list-style-type: none"> <li>- nationwide</li> <li>- 36 branches</li> <li>- 29 marketing units</li> <li>- covers all major towns in Kenya</li> </ul>	<ul style="list-style-type: none"> <li>- DTM (over 160,000 clients and portfolio of \$100M)</li> <li>- Key financier in clean and renewable energy</li> <li>- Wants to further explore opportunities in the clean/renewable energy sector</li> </ul>	<ul style="list-style-type: none"> <li>- 2012</li> <li>- Agribusiness finance strategy</li> <li>- Clean and renewable energy market needs assessment</li> </ul>	<ul style="list-style-type: none"> <li>- Develop and roll-out clean/renewable products to enhance access of these products to small-scale renewable energy users.</li> <li>-</li> </ul>	Oct - Dec 2013
43	<b>Micro Africa</b> <ul style="list-style-type: none"> <li>- Eastern</li> <li>- Rift Valley</li> <li>- Central</li> </ul>	<ul style="list-style-type: none"> <li>- MFI</li> <li>- Client base of 16,000 clients,</li> <li>- Portfolio of \$5.5 Million</li> <li>- Portfolio at risk (PAR) 30 days of 3.54%.</li> </ul>	<ul style="list-style-type: none"> <li>- 2012</li> <li>- Development of horticulture strategy</li> </ul>	<ul style="list-style-type: none"> <li>- Conduct market assessment to identify financing opportunities</li> <li>- Develop and refine clean/renewable energy</li> </ul>	Jan 2014

		<ul style="list-style-type: none"> <li>- Clean/renewable energy portfolio contributes 0.5% of Micro Africa's portfolio and they are interested in improving this to 10% of the total portfolio by the end of 2013.</li> </ul>		<ul style="list-style-type: none"> <li>products</li> <li>- Scale-up bio-gas product by collaborating with KENBIP, a program providing subsidy for installation of the biogas plant</li> </ul>	
44	<b>Kenya Renewable Energy Association (KEREAA)</b>  -Countrywide	<ul style="list-style-type: none"> <li>- Non-profit association</li> <li>- Umbrella organization of renewable energy providers</li> <li>- Dedicated to facilitating growth and development of renewable energy business in Kenya</li> <li>- Involved in building capacity of stakeholders in solar, wind and hydro</li> <li>- Collaborates with the ministry of energy, ERC to set policy regulations in the sector</li> <li>- Interested in building the capacity of providers of clean and renewable energy</li> </ul>	None	<ul style="list-style-type: none"> <li>- Build the capacity of technicians in solar, wind and hydro in 10 technical institutions in Kenya.</li> </ul>	Jan - Feb 2014
46	<b>KADET</b>  - Countrywide	<ul style="list-style-type: none"> <li>- MFI (over 45,000 clients)</li> <li>- Empowers Kenyan communities with limited and/or access to credit facilities for small and micro businesses.</li> <li>- Plans to mitigate agri-finance related risks and reinvigorate agricultural loan balances</li> </ul>	2013 Developed a five-year agricultural finance strategy – with viable financing opportunities in dairy, livestock, and horticulture	<ul style="list-style-type: none"> <li>- Clean/renewable energy strategy and product development</li> </ul>	July 2014
47	<b>Ecumenical Church Loan Fund Kenya (ECLOF)</b>	<ul style="list-style-type: none"> <li>- MFI with a client base of 43,400 clients,</li> <li>- Portfolio at risk (PAR) 30 days of 5%.</li> </ul>	<ul style="list-style-type: none"> <li>- 2013</li> <li>- Agribusiness finance strategy</li> </ul>	<ul style="list-style-type: none"> <li>- Clean/renewable energy strategy and product development</li> </ul>	March 2014

	<ul style="list-style-type: none"> <li>- Eastern</li> <li>- Rift Valley</li> <li>- Central</li> <li>- Western</li> <li>- 25 branches</li> </ul>	<ul style="list-style-type: none"> <li>- Proposes to expand its agricultural portfolio and is interested in exploring opportunities in the horticultural sector in the Central, Eastern and Rift Valley Provinces</li> </ul>			
48	<b>Business Initiatives and Management Assistance Services (BIMAS)</b> <ul style="list-style-type: none"> <li>- Eastern</li> <li>- Central</li> <li>- Rift Valley</li> </ul>	<ul style="list-style-type: none"> <li>- A local MFI</li> <li>- Over 18,000 active clients</li> <li>- Network of 19 branches</li> <li>- Specializes in rural microfinance and serves rural households</li> <li>- Outstanding loan portfolio over \$5 million</li> <li>- Plans to grow loan portfolio by 30% and client numbers by 25% each year over the next three years</li> <li>- To increase its overall market share by developing innovative market-led products key focus on agriculture and renewable energy</li> </ul>	Developed their strategic business plan – with clear strategic guidelines for agribusiness and renewable energy financing.	<ul style="list-style-type: none"> <li>- Clean/renewable energy strategy and product development</li> </ul>	April 2014
49	<b>ADOK TIMO</b> <ul style="list-style-type: none"> <li>- Counties in Nyanza, intention to spread to counties in Western</li> </ul>	<ul style="list-style-type: none"> <li>- MFI (over 10,000 active clients)</li> <li>- Serves small and micro entrepreneurs in the rural and peri urban areas.</li> <li>- Loan portfolio over \$1 million</li> <li>- Products target business owners, subsistence farmers, fishermen, sugarcane, dairy and poultry farming</li> <li>- Interested to consolidate operations, synchronize methodologies and pursue organic</li> </ul>	None	<ul style="list-style-type: none"> <li>- Clean/renewable energy strategy and Product development</li> </ul>	May 2014

		growth.			
50	<b>Paradigm project</b> - Lower Eastern	<ul style="list-style-type: none"> <li>- Distributes energy saving charcoal jikos manufactured by themselves as well as other manufacturers. They trade under the ezylife brand name. currently customers pay cash or access loans through various MFIs whom they work with</li> <li>- Interested in developing a financial product to enable the jiko buyers access credit</li> </ul>	None.	- Internal lending for clean and renewable energy products	Jan 2014
51	<b>Century DTM</b> - Nairobi - Eastern - Coast	<ul style="list-style-type: none"> <li>- DTM (over 3,000 clients)</li> <li>- Key financier in agriculture finance</li> <li>- Planned expansion includes a planned branch in Eastern Province, Coast and Western Kenya</li> </ul>	2013 <ul style="list-style-type: none"> <li>- Developed a strategic business plan for the institution and to</li> <li>- Refined and developed market-led products</li> </ul>	- Clean/renewable energy strategy and Product development	June 2014
52	<b>RAFODE</b> - Nyanza - Planning to spread operations to Western	<ul style="list-style-type: none"> <li>- MFI (over 3,000 clients)</li> <li>- Serves rural socio-economically marginalized entrepreneurs</li> <li>- Interested in increasing risk appetite towards start-ups, micro enterprises and small business enterprises</li> </ul>	2013 Carried out a market assessment exercise to inform development of a five-year agricultural finance strategy	<ul style="list-style-type: none"> <li>- Introduction to KIVA to entrench existing renewable energy lending</li> <li>- Clean/renewable energy strategy and Product development</li> </ul>	April 2014
<b>Financial Regulatory and Market Infrastructure Reforms</b>					
51	<b>Kenya Credit Information Sharing Initiative (KCISI)</b> - Countrywide	<ul style="list-style-type: none"> <li>- A partnership between FIRM, CBK, FSD, FLSTAP</li> <li>- Objective is to underscore importance of credit information sharing amongst all credit providers and motivate affordable financial inclusion for good borrowers</li> </ul>	<ul style="list-style-type: none"> <li>- 2012</li> <li>- Capacity assessment of DTMs and Credit only MFIs to participate in credit information sharing</li> <li>- Pilot for 13 MFIs on credit information submission to</li> </ul>	<ul style="list-style-type: none"> <li>- Assist credit only MFIs to pilot</li> <li>- Introduce SACCOs to Credit Information Sharing</li> <li>- Develop AKCP overall strategy</li> <li>- Link AKCP to NESC</li> </ul>	Feb – June 2014

			<p>CRBs</p> <ul style="list-style-type: none"> <li>- Supported four forums to sensitize credit providers on information sharing</li> <li>- Supported production of KCISI quarterly newsletter with milestones in credit information sharing</li> <li>- 2013</li> <li>- Developed communication strategy for KCISI to outline how proposed dissemination channels..</li> <li>- Supported registration of the Association of Credit Providers of Kenya - to serve as the umbrella body for all credit providers in Kenya such as Banks, DTMs, Credit only MFIs, Saccos, DFIs, utility companies, telcos, AFC, HELB etc</li> </ul>		
52	<p><b>National Economic and Social Council (NESC)</b></p> <ul style="list-style-type: none"> <li>- Countrywide</li> </ul>	<ul style="list-style-type: none"> <li>- Created by the president in 2008</li> <li>- Aims improve the socioeconomic development environment through addressing policy issues in line with vision 2030.</li> </ul>	<ul style="list-style-type: none"> <li>- 2012</li> <li>- Needs assessment desk reviews and interviews on the need for credit guarantee schemes within the country.</li> <li>- Empirical analysis of</li> </ul>	<ul style="list-style-type: none"> <li>- Develop scenario report to supplement CGS Policy and Bill</li> <li>- Presentation of CGS Policy to NESC, parliament and the Cabinet</li> </ul>	Jan – April 2014



			<p>questionnaire to six sectors on the need for credit guarantees, the sectors were: women, youth, construction, exporters, banks and government bodies.</p> <ul style="list-style-type: none"> <li>- 2013</li> <li>- Support analysis of data and validation workshop</li> <li>- Developed a credit guarantee policy and bill for the government of Kenya</li> </ul>		
53	<b>Association of Microfinance Professionals of Kenya (AMPK)</b> <ul style="list-style-type: none"> <li>- Countrywide</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- An Association</li> <li>- Registered in June 2008</li> <li>- Operates under Section 10 of the Societies Act of the Republic of Kenya.</li> <li>- Works in partnership with other financial sector players,</li> <li>- Strives to professionalize the microfinance sector by creating high professional standards</li> <li>- Interested in building capacity of its members to attain set objectives</li> </ul>	<ul style="list-style-type: none"> <li>- 2012</li> <li>- Supported two workshops sensitize members on association goals and to develop common lobbying platform</li> <li>- 2013</li> <li>- Build capacity of AMPK members</li> </ul>	<ul style="list-style-type: none"> <li>- Develop strategic business plan for the association (Continuing)</li> </ul>	Feb 2014

54	<b>Central Bank of Kenya</b> - Countrywide	- Kenya's central bank	<ul style="list-style-type: none"> <li>- Anti-money laundering and terrorist financing</li> <li>- Customer Due Diligence and Record Keeping</li> <li>- Suspicious Transaction Reporting</li> <li>- Assisting on credit information sharing initiatives Support credit Information sharing workshop</li> <li>- Support workshop on prudential guidelines for the microfinance sector</li> </ul>	<ul style="list-style-type: none"> <li>- Support workshop on anti-money laundering (continuing).</li> <li>- Capacity building for staff (Continuing)</li> </ul>	April 2014 – June 2014
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## **County Investment Support**

FIRM will expand its efforts to directly support County governments throughout Kenya. Efforts in this area will be focused on two levels. First, The Council of Governors (COG) will be FIRM's primary national partner as it serves as the convening body for governors. FIRM will work with COG on areas of model policy and legislation development, provide targeted technical assistance to the COG as requested, and support COG's efforts to fulfill its mandate to promote inter-county consultations, share best practices, and offer a collective voice for county interests on policy issues.

Second, FIRM will work directly with a few specific counties to provide specific technical assistance to support the implementation of best practices around county government economic planning and attracting investment. This support will typically kick-off by supporting counties to develop strategic investment plans which will provide them with a framework to meet the objectives of their County Integrated Development Plans and identify priority areas in which to seek investment. Based on the findings of the strategic investment plans, FIRM will then support counties in pursuing investment opportunities by working through our Kenyan service provider partners to conduct necessary preparatory work such as pre-feasibility studies and other actions.

Below is a list of illustrative activities; as FIRM works with counties, new activities may be identified and some of these pre-identified illustrative activities may not be pursued depending on the resources and time available as well as the CoG and Counties' priorities.

### **POTENTIAL ILLUSTRATIVE ACTIVITIES**

- Review national legislation related to pertinent topics, such as PPPs, cooperatives, and SACCOs, and develop model policies and bills for county governments in collaboration with the COG.
- Collaborate with the private sector and national stakeholders to support county development of PPP projects.
- Provide training and capacity building opportunities for COG, County Government, and FIRM staff through IP3, FIRM-led, or other sources.
- Develop a County Youth Internship program in collaboration with the COG and county governments to provide youth with an opportunity to support and witness first-hand the work of county governments.
- Leverage work already underway with the Kenya Credit Guarantee Scheme designed in partnership with the National Economic and Social Council.
- Develop a central unit where counties seek and obtain investment planning advice, other necessary and specialized expertise, access to networks such as the National Governor's Association (US), etc.
- Government supports an enterprise development fund that could be like Kenya CGS.

- Work with select counties to prioritize opportunities and facilitate the initial steps to pursue priority investment areas. The exact types of support will be determined as opportunities are identified, but are likely to include activities such as pre-feasibility studies, financial structuring assistance, among others. These areas of support will primarily be conducted through FIRM service provision partners.
- Work with the COG to develop their capacity and meet their mandates to provide responsive support to county governments, including the development of assessments and analysis.
- Respond to ad hoc requests from the COG and County Governments for support in areas under our scope of work, including but not limited to technical assistance, event support, publications, and other areas. Such assignments will be considered on a case-by-case basis and agreed upon with USAID.

## **RESULTS**

- The legal diagnostics on relevant sectors provides a roadmap for counties on what can be done in the short-term and the actions that will lead to changes necessary for longer growth and development.
- Partner counties have strategic investment plans in place which support the operationalization of the CIDPs and guide counties in investment decisions.
- The COG is strengthened so that it can better deliver investment advisory services similar to how the NGA supports states in the US.
- Individual counties economic development teams are knowledgeable about best practice revenue generation and investment decision-making.

## **Energy Investment Facilitation**

Energy investment activities in Kenya will require patience and persistence to successfully address the many challenges that inhibit the expansion of power generation and transmission. FIRMs work in the energy sector will seek to support the expansion of investment into energy areas that primarily benefit the agriculture sector, with a focus on facilitating the financial close of small renewable energy products and facilitate expanded access to off-grid energy solutions. Lessons learned to date in activities with Viability Africa, M-Kopa, and KWFT will be expanded into other areas. FIRM will use the Energy Investment Fund (EIF) to underwrite all costs related to this activity.

## **POTENTIAL ILLUSTRATIVE ACTIVITIES**

- Conduct market assessment and compile potential energy project information from available sources, including potentially conducting due diligence analysis.
- In close coordination with USAID and Power Africa and building upon the activity above, to identify bankable projects for support. Working with USAID, activities will

support facilitating finance through DCA or perhaps Overseas Private Investment Corporation and U.S Export-Import Bank.

- Provide more direct oversight to the Viability Africa subcontract, working closely with the Deloitte Transaction Advisor (coordinate with the advisor on all Power Africa activities), ensuring financial close on energy transactions.
- Building off of lessons learned with Viability Africa activity; expand to include other private-sector businesses, industry associations/groups, and county governments.
- Identify and develop new avenues to support expanded access to off-grid energy solutions through new partnerships similar to M-Kopa and KWFT.

## **RESULTS**

- A legal and regulatory environment conducive and support of Power Africa and Kenya Vision 2030 goals.
- 2 - 4 energy transactions brought to financial close.
- Expanded availability of off-grid energy solutions at the micro-level.

## **IV. PARTNERSHIPS WITH OTHER USAID-FUNDED PROJECTS**

FIRM has partnered with other USAID-funded projects to create financial linkages and financial models within various value chains. In the past FY, FIRM has recorded significant progress in value chain financing through partnerships with two key ABEO projects:

### **Kenya Horticulture Competitiveness Project (KHCP)**

The Kenya Horticulture Competitiveness Project (KHCP) is a USAID initiative helping small farmers and allied agribusinesses take advantage of local, regional, and global market opportunities. Designed on the premise that the horticulture industry can be transformative for rural income, employment generation, and food security, USAID-KHCP focuses on enhanced productivity, increased value-addition, improved value-chain coordination, marketing, and trade promotion, improved business environment, and institutional capacity.

FIRM has successfully developed and implemented financial models for USAID-KHCP farmer groups – a case example is Earthoil's farmer groups. FIRM plans to further engage with more KHCP horticulture farmer groups in Bomet and Meru to either replicate the financial models or design and develop products that will enable smallholder horticulture groups across the access affordable financial services.

As a result FIRM will seek to design and develop financial products that will link the groups to affordable credit.

### **Kenya Drylands Livestock Development Program**

The Kenya Dry lands Livestock Development Program (KDLDLP) is helping pastoralist households in northeast Kenya overcome the many existing obstacles to achieving both economic and food security in the region. In an area where the livestock industry provides work for 90% of the labor force and contributing to as much as 95% of family incomes, problems include limited access to financial services, poor access to inputs like seeds and water, unsatisfactory disease control measures, lack of price transparency, poor linkages between producers and markets, and – most immediately – drought due to climate change.

FIRM worked with KDLDLP to set up a Community Owned Finance Institution (COFI) which is a Shariah-compliant savings and credit cooperative. It is the first of its kind to be offered in Kenya and is a remarkable breakthrough for pastoralists, SME's and the Muslim community. The COFI SACCO's goal is to enable pastoralists and lower-income individuals and groups access adequate financial services and promote a dynamic development of these economic sectors. FIRM will build the capacity of the COFI board and staff in June 2013 to facilitate delivery of services to their members.

## **USAID Kenya ASALs Projects/FIRM Collaboration**

USAID/Kenya is supporting several projects as part of its resilience programming in Kenya's ASAL rangelands: They are:

- Resilience and Economic Growth in the Arid Lands–Improving Resilience (REGAL–IR)
- Resilience and Economic Growth in the Arid Lands–Accelerated Growth (REGAL–AG)
- Northern Rangelands Trust (NRT) projects
- The Kenya Arid Lands Disaster Risk Reduction (KALDRR)/WASH
- The Financial Inclusion for Rural Microenterprises (FIRM)

The projects are committed to developing complementary work plans and to operationalizing areas of geographical and technical convergence to ensure that partners do not implement similar activities in the same area or conservancy to avoid duplication of efforts and promote efficient use of resources. The projects have already held a series of meetings to develop a MOU and an Operational Plan that enables partners to identify, elaborate, and finalize areas of collaboration and the roles and responsibilities of each partner.

FIRM has identified potential areas of convergence with WASH. Since WASH is funding water projects that can be commercialized, FIRM will make a market assessment of these projects to link viable and sustainable ones to financial institutions.

In addition, FIRM identified a convergence with NRT. FIRM's expertise in financial inclusion will be an advantage to conservancy groups in the project area. FIRM could link NRT to financial institutions to access soft loans. To benefit from this window and to forge synergies, NRT and FIRM will explore potential opportunities.

## **USAID Kenya Agricultural Value Chain Enterprises (KAVES)**

USAID KAVES is a food security project that will increase the productivity and incomes of 500,000 smallholder farmers and other actors across the strategic value chains of horticulture, dairy, and staple crops. The project will also foster the adoption of innovative technologies to improve nutrition at the rural household level, as well as increase the capacity of key stakeholders to ensure sustainable adoption of improved practice. FIRM has been working with KAVES to assist in developing financial products for various horticulture crops and creating financial linkages for horticulture producer groups. This activity is ongoing and collaborations between the two projects is expected to enhance financial inclusion to many agricultural and rural microenterprises previously excluded from access to credit.

## **USAID Agile and Harmonized Assistance to Devolved Institutions (AHADI)**

AHADI will be USAID/Kenya's flagship program to support the devolution process in Kenya. Per the terms of the AHADI RFP, AHADI will work in 15-20 counties around Kenya and will directly coordinate with other donors as well as all USAID-funded projects. FIRM's work has the potential to overlap with AHADI Objective 1: Local Governance and Service Delivery, specifically with Task 1: Facilitate County Planning and Informed Decision Making; Task 5: Assist Targeted Counties to Raise and Effectively Manage Resources; and Task 6:

Enhance Targeted County Management of Service Delivery. While FIRM will focus on activities to support agriculture, energy and financial services as part of its financial inclusion agenda in working with counties, FIRM will strive to coordinate and share information on its activities directly with AHADI management and through USAID Kenya.

The FIRM project will take a proactive approach to engaging the new AHADI project as soon as possible after the contractor is identified and mobilized. The nature and extent of coordination will evolve over time as AHADI ramps up implementation and expands activities across Kenya. At a minimum, FIRM's coordination with AHADI will initially include:

- Provide an initial briefing to AHADI start-up team regarding FIRM activities in each county;
- As requested, provide personnel to participate in the County Preparedness Study detailed in the AHADI RFP;
- Provide AHADI team with all FIRM county-level contacts in the agriculture, energy, and financial services sectors;
- Provide FIRM-prepared documents regarding county investment plans, including the legal diagnostic discussed in the add-on technical proposal;
- Provide AHADI with the information mapping conducted under the expansion of the Branch Locator process discussed further below to inform county government decision making;
- Include AHADI on FIRM's multi-sectorial advisory committee for the project's county financial inclusion work.
- Provide USAID Kenya and AHADI staff with bi-weekly written updates (also shared with county governments) on FIRM's devolution activities.

FIRM will keep the AHADI team updated on all planned and ongoing activities, ensuring that FIRM's approaches and objectives are in-line with those of AHADI and that resources are leveraged across the projects and duplication of efforts is minimized.

Towards the end of the FIRM project, the team will meet with USAID to discuss which activities may be suitable to be continued further under AHADI and transfer plans will be created to hand off those activities to the AHADI team.



## **V. CROSS-CUTTING ISSUES: GENDER AND YOUTH & ICT**

Over the last three years, FIRM has worked with women, youth and marginalized groups in rural Kenya to increase access to credit, savings, insurance and mobile money transfer services. FIRM's objective in working with these target groups is to strengthen the overall financial system by assisting financial institutions to develop appropriate strategies and market-led products. FIRM has on-going assignments with four financial institutions that have put a special emphasis on youth, women and marginalized groups. They include KWFT DTM, the premier microfinance institution in Kenya serving over 700,000 clients who are all women; Rafiki DTM who have embedded business development services in their lending model to empower the youth to run their own enterprises/businesses successfully; Youth Enterprise Development Fund (YEDF) which is a government-funded project that ensures the youth are able to access credit; and Banking on Change project, spearheaded by Barclays Bank Kenya and Care Kenya, to facilitate financial linkages between community saving groups (whose primary clientele is youth and women) and the financial institution using a mobile banking platform. FIRM will continue to support these partners to escalate and upgrade their operations to reach more rural enterprises and to explore partnerships with other financial and non-financial institutions in order to facilitate development of products and services for women, youth and other vulnerable groups.

In Year 4, FIRM will actively engage youth SACCOs such as Sky SACCO Society to roll out more products and services targeting youth microenterprises in the rural areas. Through devolution, FIRM will also support exchange programs among various youth SACCOs across the country to promote transfer of skills and knowledge, especially for youth engaged in similar enterprises but residing in different counties. Some of the SACCOs FIRM will continue to work with include Nyala Vision SACCO, Sky Sacco Society, United Traders SACCO, COFI SACCO and FEWA SACCO. FIRM will continue to support the umbrella body of rural SACCOs, the Kenya Rural Savings and Credit Co-operative Societies Union Ltd (KERUSSU) in capacity building and institutional strengthening. KERUSSU has a membership of about 70 SACCOs.

## **VI. ENVIRONMENTAL ISSUES**

The key USAID environmental compliance requirements are:

- Potential environmental impacts must be considered and “mitigation measures” or design changes incorporated.
- No funds may be obligated or activities implemented without approved Reg. 216 environmental documentation.
- Any resulting mitigation and monitoring conditions must be written into procurement instruments, implemented and monitored
- Activities that have potentially adverse effects on the environment and human wellbeing are not allowed, or may require extensive impact assessment.
- Environmental compliance must be assessed in annual reports by implementing partners and USAID.

- Environmental compliance documentation must be maintained.

Following the approval of FIRM's Environmental Mitigation and Monitoring Plan (EMMP) by the COR, FIRM will:

- Carry out environmental due diligence on selected partners to identify environmental risks and institutional needs to ensure compliance
- Develop an exclusion list – like in all DCA guarantee agreements - of activities that may not be financed by FIRM partners as a result of our technical assistance
- Outline environmental and sustainability considerations in FIRM manuals and policies and include a section on environmental compliance in MOUs with partners
- Facilitate training in environmental reviews of credit applications and projects by partner financial institutions and link our partners to environmental business service providers; distribute environmental best-practices information to meet GOK, USAID and DCA requirements
- Monitor environmental progress to help strengthen each institution and report environmental actions and progress

FIRM's activity on Financial Regulatory and Market Infrastructure Reform has no requirement for environmental mitigation. It has been "categorically excluded." However, FIRM will take this opportunity to address issues of gender, youth, ICT, environment and renewable energy during activity reviews, trainings and studies with partners.